

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF LOUISVILLE	)	
GAS AND ELECTRIC COMPANY FOR AN	)	CASE NO.
ADJUSTMENT OF ITS ELECTRIC AND GAS	)	2016-00371
RATES AND FOR CERTIFICATES OF PUBLIC	)	
CONVENIENCE AND NECESSITY	)	

ORDER

The matter is before the Commission upon a motion filed by Louisville/Jefferson County Metro Government (“Louisville Metro”) to compel Louisville Gas and Electric Company (“LG&E”) to respond to certain discovery requests propounded by Louisville Metro to LG&E. In particular, Louisville Metro seeks responses to its Initial Requests for Information (“Initial Requests”), Items 68, 69, 70, 71, 75, 76, 77, 78, and 97. Items 68, 69, 70, and 71 request information concerning expenditures for community events that were either held or funded from January 1, 2014, to December 31, 2016, by LG&E, LG&E and KU Services Company, LG&E and KU Energy LLC, and PPL Corporation, respectively. Louisville Metro contends that the information it seeks relates directly to expenditures by LG&E within its service territory and that the information goes to the reasonableness of the proposed rate increase. With respect to information related to LG&E and KU Services Company, LG&E and KU Energy LLC, and PPL Corporation, Louisville Metro asserts that LG&E, LG&E and KU Services Company, and LG&E and KU Energy LLC are wholly owned subsidiaries of PPL Corporation; that LG&E is projected to pay dividends to Louisville and KU Energy LLC; and that “in their answers

to the data requests cited above, LG&E made quite literally hundreds of references to [LG&E and KU Energy LLC] and other related companies, indicating that the companies have some level of contact that is related to this rate case.”<sup>1</sup>

Item 75 of Louisville Metro's Initial Requests states as follows:

Regarding LG&E's answer to the PSC's 1<sup>st</sup> and 2<sup>nd</sup> data request, state how much money was, or will be, transmitted between KU and LKE during:

- a. The period beginning January 1, 2012, and concluding December 31, 2016;
- b. The Base Period, as defined for purposes of this case;
- c. The Forecasted Test Year, as defined for purposes of this case; and
- d. The forecasted period from January 1, 2017, to December 31, 2020.

Louisville Metro contends that the information sought in Item 75 relates to revenues or expenses between Kentucky Utilities Company (“KU”), LG&E's sister company, and LG&E and KU Energy LLC within the relevant time periods. Louisville Metro notes that KU and LG&E and KU Energy LLC are both owned by PPL Corporation. Louisville Metro further maintains that LG&E and KU pay dividends to LG&E and KU Energy LLC and that LG&E has made references to LG&E and KU Energy LLC multiple times in its application and in discovery responses, which, according to Louisville Metro, indicates that the companies have some level of contact that is related to the instant matter.

---

<sup>1</sup> Louisville/Jefferson County Metro Government Motion to Compel Responses from Louisville Gas and Electric at unnumbered page 3. See *also*, Louisville Metro Motion at unnumbered pages 4 and 5.

Items 76 and 77 of Louisville Metro's Initial Requests seeks the same type of information as requested in Item 75, except Item 76 seeks information regarding monetary transactions between LG&E and KU Services Company and LG&E and KU Energy LLC and Item 77 seeks information regarding monetary transactions between "unregulated entities" and LG&E and KU Energy LLC.

Item 78 of Louisville Metro's Initial Requests seeks information regarding any public disclosures required to be made with respect to any monetary transfers between "unregulated entities" and LG&E and KU Energy LLC. Louisville Metro contends that the request only seeks publically available information, which should not be a burden on LG&E to provide.

Item 97 of Louisville Metro's Initial Requests states as follows:

Provide a schedule showing the dates, expense, and details associated with tickets or subscriptions (including those to KFC Yum Center, PGA, and Actors theater [sic], Louisville Slugger Field, Broadway Series, and other venues and events) purchased in the years 2014, 2015, and 2016 by:

- a. LKE
- b. LG&E
- c. LKS
- d. LG&E and KU Capitol LLC
- e. PPL Corp
- f. PPL Electric Utilities Corp
- g. PPL Services Corp
- h. PPL Capitol Funding, Inc.
- i. PPL Energy Funding Corp.
- j. PPL Energy Supply, LLC
- k. PPL Montour, LLC

Louisville Metro contends that the information sought in Item 97 is relevant because LG&E has suites, box seats, and reserved seating at many venues located in the city of Louisville and LG&E is seeking additional revenues and an increased return on equity from its ratepayers who reside in Louisville to purportedly fund these fringe

benefits. Louisville Metro further contends that the entities listed in Item 97 are under the PPL Corporation corporate umbrella and that LG&E routinely conducts business transactions with those affiliates. As such, Louisville Metro argues that the information sought is relevant to determine whether “those business transactions include purchasing fringe benefits on behalf of LG&E....”<sup>2</sup>

On February 10, 2017, LG&E filed a response objecting to Louisville Metro’s motion to compel. LG&E argues that the discovery requests at issue seek information that is not relevant to whether LG&E’s proposed base rates are fair, just, and reasonable and are not calculated to lead to admissible evidence. LG&E also argues that the requested information is not relevant, and therefore not discoverable, because the information was not included in the cost of service submitted in this matter and LG&E is not requesting rate recovery of these costs from its customers.

With respect to Items 68, 69, 70, 71, and 97 of Louisville Metro’s Initial Requests, LG&E contends that this information relates to shareholder contributions to charitable and civic causes and that they are below-the-line expenses which LG&E has not included in its cost of service. Thus, LG&E argues that the community event expenses are not relevant to evaluating the proposed changes in base rates. LG&E also notes that the request seeks information that is outside of the forecasted test year and, therefore, the requested community event expenses are not within the time period relevant for ratemaking purposes. In regards to the discovery requests seeking similar information from LG&E and KU Services Company (Item 69), LG&E and KU Energy LLC (Item 70), and PPL Corporation (Item 71), LG&E asserts that there are no costs related to community events from these affiliates that are included in LG&E’s cost of

---

<sup>2</sup> Louisville Metro Motion at unnumbered page 9.

service and thus these expenditures are not relevant to the instant proceeding. Similarly, LG&E argues that the discovery request seeking expenses relating to tickets or subscriptions at sporting and entertainment venues in Louisville have no relevance to the instant proceeding because those expenditures are not included in LG&E's cost of service.

With respect to the discovery requests which seek information on monetary transfers between KU and LG&E and KU Energy LLC (Item 75), LG&E and KU Services Company and LG&E and KU Energy LLC (Item 76), and "unregulated entities" and LG&E and KU Energy LLC (Item 77), LG&E contends that the information sought in these requests is not relevant because it is not part of LG&E's cost of service and does not affect LG&E's requested rates. LG&E acknowledges that transfers of money between it and LG&E and KU Energy LLC are relevant and for that reason did provide such information in response to Louisville Metro Initial Requests, Item 74. However, LG&E contends that KU's transfers to LG&E and KU Energy LLC have no bearing on the rates LG&E has proposed because those transfers are not part of LG&E's cost of service, dividend payments, capital structure, or capital contributions.

Having reviewed the pleadings and being otherwise sufficiently advised, the Commission finds that the discovery requests at issue are not relevant to LG&E's base rate application. We note that the information that Louisville Metro seeks relating to community event expenditures, sporting and entertainment expenditures, and monetary transfers between affiliates not involving LG&E are not included in LG&E's cost of service for purposes of recovering those expenses in LG&E's base rates. Because the expense information sought by Louisville Metro has no bearing on the determination of

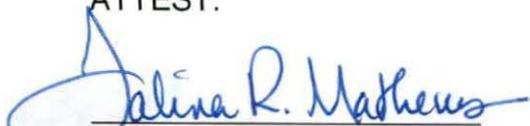
the reasonableness of LG&E's proposed revenue increase, Louisville Metro's request to compel disclosure of this information should be denied.

IT IS HEREBY ORDERED that Louisville Metro's motion to compel is denied.

By the Commission

ENTERED  
MAR 09 2017  
KENTUCKY PUBLIC  
SERVICE COMMISSION

ATTEST:

  
Executive Director

\*Honorable Allyson K Sturgeon  
Senior Corporate Attorney  
LG&E and KU Energy LLC  
220 West Main Street  
Louisville, KENTUCKY 40202

\*Carrie A Ross  
Sheppard Mullin Richter & Hampton LLP  
1300 I Street NW  
11th Floor East  
Washington, DISTRICT OF COLUMBIA 20005

\*Gregory T Dutton  
Goldberg Simpson LLC  
9301 Dayflower Street  
Louisville, KENTUCKY 40059

\*Angela M Goad  
Assistant Attorney General  
Office of the Attorney General Office of Rate  
700 Capitol Avenue  
Suite 20  
Frankfort, KENTUCKY 40601-8204

\*Cheryl Winn  
Waters Law Group, PLLC  
12802 Townepark Way, Suite 200  
Louisville, KENTUCKY 40243

\*Gardner F Gillespie  
Sheppard Mullin Richter & Hampton LLP  
1300 I Street NW  
11th Floor East  
Washington, DISTRICT OF COLUMBIA 20005

\*William May  
Hurt, Deckard & May  
The Equus Building  
127 West Main Street  
Lexington, KENTUCKY 40507

\*Dennis G Howard, II  
Howard Law PLLC  
740 Emmett Creek Lane  
Lexington, KENTUCKY 40515

\*G. Houston Parrish  
Labor Law Attorney  
Office of the Staff Judge Advocate, B  
50 3rd Avenue  
Fort Knox, KENTUCKY 40121

\*Barry Alan Naum  
Spilman Thomas & Battle, PLLC  
1100 Brent Creek Blvd., Suite 101  
Mechanicsburg, PENNSYLVANIA 17050

\*Don C A Parker  
Spilman Thomas & Battle, PLLC  
1100 Brent Creek Blvd., Suite 101  
Mechanicsburg, PENNSYLVANIA 17050

\*Jody Kyler Cohn  
Boehm, Kurtz & Lowry  
36 East Seventh Street  
Suite 1510  
Cincinnati, OHIO 45202

\*Casey Roberts  
Sierra Club  
1536 Wynkoop St., Suite 312  
Denver, COLORADO 80202

\*Emily W Medlyn  
General Attorney  
U.S. Army Legal Services Agency Regul  
9275 Gunston Road  
Fort Belvoir, VIRGINIA 22060

\*Janice Theriot  
Zielke Law Firm PLLC  
1250 Meidinger Tower  
462 South Fourth Avenue  
Louisville, KENTUCKY 40202

\*Carrie M Harris  
Spilman Thomas & Battle, PLLC  
1100 Brent Creek Blvd., Suite 101  
Mechanicsburg, PENNSYLVANIA 17050

\*Eileen Ordober  
Legal Aid Society  
416 West Muhammad Ali Boulevard  
Suite 300  
Louisville, KENTUCKY 40202

\*Honorable Kurt J Boehm  
Attorney at Law  
Boehm, Kurtz & Lowry  
36 East Seventh Street  
Suite 1510  
Cincinnati, OHIO 45202

\*Joe F Childers  
Joe F. Childers & Associates  
300 Lexington Building  
201 West Short Street  
Lexington, KENTUCKY 40507

\*Thomas J FitzGerald  
Counsel & Director  
Kentucky Resources Council, Inc.  
Post Office Box 1070  
Frankfort, KENTUCKY 40602

\*Honorable Kendrick R Riggs  
Attorney at Law  
Stoll Keenon Ogden, PLLC  
2000 PNC Plaza  
500 W Jefferson Street  
Louisville, KENTUCKY 40202-2828

\*Kent Chandler  
Assistant Attorney General  
Office of the Attorney General Office of Rate  
700 Capitol Avenue  
Suite 20  
Frankfort, KENTUCKY 40601-8204

\*Honorable Matthew R Malone  
Attorney at Law  
Hurt, Deckard & May  
The Equus Building  
127 West Main Street  
Lexington, KENTUCKY 40507

\*Lawrence W Cook  
Assistant Attorney General  
Office of the Attorney General Office of Rate  
700 Capitol Avenue  
Suite 20  
Frankfort, KENTUCKY 40601-8204

\*Paul Werner  
Sheppard Mullin Richter & Hampton LLP  
1300 I Street NW  
11th Floor East  
Washington, DISTRICT OF COLUMBIA 20005

\*Honorable Lisa Kilkelly  
Attorney at Law  
Legal Aid Society  
416 West Muhammad Ali Boulevard  
Suite 300  
Louisville, KENTUCKY 40202

\*Rebecca W Goodman  
Assistant Attorney General  
Office of the Attorney General Office of Rate  
700 Capitol Avenue  
Suite 20  
Frankfort, KENTUCKY 40601-8204

\*Laurence J Zielke  
Zielke Law Firm PLLC  
1250 Meidinger Tower  
462 South Fourth Avenue  
Louisville, KENTUCKY 40202

\*Honorable Robert C Moore  
Attorney At Law  
Stites & Harbison  
421 West Main Street  
P. O. Box 634  
Frankfort, KENTUCKY 40602-0634

\*Matthew Miller  
Sierra Club  
50 F Street, NW, Eighth Floor  
Washington, DISTRICT OF COLUMBIA 20001

\*Robert Conroy  
LG&E and KU Energy LLC  
220 West Main Street  
Louisville, KENTUCKY 40202

\*Michael J O'Connell  
Jefferson County Attorney  
Brandeis Hall of Justice  
600 West Jefferson St., Suite 2086  
Louisville, KENTUCKY 40202

\*Louisville Gas and Electric Company  
220 W. Main Street  
P. O. Box 32010  
Louisville, KY 40232-2010

\*Honorable Michael L Kurtz  
Attorney at Law  
Boehm, Kurtz & Lowry  
36 East Seventh Street  
Suite 1510  
Cincinnati, OHIO 45202

\*Louisville Gas and Electric Company  
220 W. Main Street  
P. O. Box 32010  
Louisville, KY 40232-2010